



Chapter 6

Cost and benefit analysis

To establish the contracting arrangement between THC and private eye surgeon (Purchasing model) some additional costs are obvious but it needs to consider in terms of potential benefit. Whether after contracting out arrangement allocative efficiency and operational efficiency attain or not is the major question. Administration is sufficient enough to satisfy the patient and maintain quality of care, cost containment achieved or not is another vital matter to judge the administrative efficiency. However, probable cost items that should be known before going to contracting out arrangement or Purchasing model are stated in Table 6.1.

To analyze the potential benefit firstly, the monetary benefit should be considered due to contracting out and charging the patient. In reality, THC will not be benefited in money terms but it can be benefited by improving its equity, efficiency, and quality of care and economics of scale. Therefore, benefit items can be classified as Table 6.2.

Accessibility covers the equity issue. Before contracting some patients go to private providers for Cataract operation and some remain untreated. After contracting out patients can come to THC from both group that means who goes to private provide or who remains untreated, then no doubt accessibility will improve and disadvantage group will get chance for treatment.

To considering efficiency it is obvious that after contracting out there will be change of utilization rate of IPD, productivity of THC, quality of care and patient's satisfaction.

Table 6.1 cost items for contracting out for Cataract surgery (Purchasing model)

Cost items		Value*	
Capital cost	Additional Equipment		
	Microscope, slit lamp		
Recurrent cost	Personnel		
	Promotion		
	Supply	Drugs	
		Anesthesia	
		Cotton, Bandage	
	Utilities	Telephone	
		Electricity	
		Water	
	Others	Meeting	
		Miscellaneous	
	Total additional cost		

As the THC is a completely public organization and still it is totally free of charge for patients therefore, to get profit or revenue generation from patient charge will rise new debate. Though in proposed plan part of additional cost will come from patient charge but to clarify about the source and the measure for those who are not able to give fee for treatment are chalked at Table 6.3.

* Values are not given as it is an explorative, experimental model but these types of cost components should analyzed for contracting out Cataract surgery.

Table 6.2 Benefit items of contracting out for Cataract surgery (Purchasing model)

Benefit items	Value
<p>Provider's Benefit</p> <ol style="list-style-type: none"> 1. Increase accessibility 2. Increase productivity 3. Increase IPD utilization rate 4. Increase personnel involvement 5. Increase economics of scale 6. Increase administrative efficiency 7. Increase quality of care 	<p>Most of benefit items are not measurable in money term but to fulfill the objective that improve utilization rate of THC contracting out has the value.</p>
<p>Patient's Benefit</p> <ol style="list-style-type: none"> 1. Reduce direct treatment cost compare with private clinic's cost 2. Reduce travel cost compare with private clinic's cost 3. Reduce opportunity cost compare with private clinic's cost 	<p>Possible to calculate in money terms by comparing one patient's cost from private clinic and one at THC after contracting out or purchasing model.</p>
<p>Total benefit (monetary & non-monetary)</p>	

Table 6.3 source of additional cost for Purchasing model

Method	Type of cost	
Patient charge	Recurrent cost a) Doctors fee b) Lens c) Spectacles d) some drugs	
THC Developmental Budget	Capital cost a) microscope b) slit-lamp	Recurrent cost a) supplies b) utilities c) other personnel d) meeting and others

Now the question is the government has the capability to invest for capital cost or not. The study provided the estimated cost for the capital cost is about 200,000 Taka or \$4445* US currency only. If the government is honest to achieve its goal to maximize health care of people then some reallocation of developmental budget should be done to provide the capital cost and the extra charge besides collecting from patient fee.

* exchange rate \$1=45 Taka